

US DEPARTMENT OF HOMELAND SECURITY
TRANSPORTATION SECURITY ADMINISTRATION
HUMAN RESOURCES MANAGEMENT POLICY MANUAL

HRM LETTER NO. 531- 4

DATE: October 2, 2003

SUBJECT: Revised Interim Policy on Setting Pay Upon Appointment to the Transportation Security Administration

1. General

This letter supersedes HRM Letter 531-1, Interim Policy on Setting Pay Upon Appointment to the Transportation Security Administration, dated January 13, 2003.

2. Coverage

The provisions of this letter apply to all employees newly hired (appointed for the first time to a Federal position, or reappointed after a break in service of at least 90-days) to the Transportation Security Administration (TSA), except those employees occupying transportation security screening positions.

3. Minimum Rate

Unless otherwise determined by the hiring official, employees newly hired to the TSA will be paid at the minimum rate of the pay band for the position.

4. Highest Previous Rate of Pay

If the highest previous rate of basic pay was earned in a prior year, update the rate of basic pay in the pay system in which it was earned to reflect the current rate. The current rate, or equivalent, may then be slotted into the appropriate pay band for the position to which the individual is being hired. (Note: Basic pay is exclusive of locality pay. Locality pay may not be used in determining the highest previous rate.) This is the highest previous rate the employee earned, but the employee is not automatically entitled to receive this, or a greater, rate upon appointment. Matching or exceeding an employee's highest previous rate is discretionary with the hiring official.

5. Determining Basic Pay in a non-TSA Position

- a. Basic pay for current or former Federal employees means the annual rate of pay for the position held by the employee, before any deductions, and exclusive of additional pay of any kind – locality pay, premium pay, law enforcement availability pay, etc.
- b. For purposes of this policy, basic pay for an individual working in a private sector position is the annual rate of pay for the position, exclusive of any lump sum bonus, monetary value of benefits, profit sharing, or other form of compensation or differential -- other than a geographic differential or pay -- that is not considered basic pay. (Note: If an employee works on a part-time basis, his/her earnings must be annualized. This is done by determining an hourly rate and multiplying it by 2,087.) The basic pay shall be verified using the employee's current earning statement or with his or her employer.

- c. For purposes of this policy, basic pay for a member of the military means the rate of pay for the rank/position occupied by the individual plus the appropriate housing and subsistence allowances only.

6. Setting Pay Above the Minimum of the Band

- a. At management's discretion, appointments **may** be made at a rate above the minimum rate of the pay band when, based on education or past experience, management determines an applicant has specialized experience that demonstrates they possess superior skills and abilities to perform the duties of the position. To be considered for setting pay at a rate above the minimum of the pay band, the specialized experience must be in, or related to, the work of the position to be filled. No employee appointed to TSA has an entitlement to a pay increase upon appointment and discretion should be used in determining whether a pay increase is warranted.
- b. For current or former Federal employees, appointments **may** be made at a rate above the minimum rate of the pay band using the highest previous rate rule.
- c. When applicants have specialized experience that demonstrates they possess advanced skills and abilities to perform the duties of the position, and pay is not set under the highest previous rate rule, then the applicant's basic pay at TSA **may** be set above his or her current basic pay based on the results reflected on the attached New Hire Salary Decision Tool (decision tool).

7. Procedures for Determining the Maximum Allowable When Setting Pay

The selecting official should:

- a. Interview the selectee to determine whether he or she possesses specialized experience that is directly related to the work required of the position.
- b. Document the applicant's specialized experience on the attached decision tool.
- c. Determine current or last basic salary by reviewing pay documents provided by the applicant (e.g., leave and earnings statement, W-2, SF-50, etc.). For an unemployed applicant who has never worked for the Federal Government, and who has a firm written offer for a position with another Government or private sector organization, document the salary offer on the attached decision tool. If the applicant is a current or former Federal employee, document the highest previous rate, or the current equivalent, on the attached decision tool.
- d. Compare the applicant's current or last basic salary or rate of pay to the pay range in the appropriate TSA pay band for the position being filled.
- e. To determine the rate of basic pay for an applicant from the military or private sector, the following steps should be followed:
 - (1) Reduce the applicant's total basic pay (as computed in 4. above), by the appropriate locality percentage for the area in which he or she will be employed.
 - (2) Multiply the remainder by the percentage increase management wants to award.
 - (3) Multiply the result by the appropriate locality percentage.

EXAMPLE 1:

TSA management wants to hire an applicant in Washington DC from the private sector who currently earns basic pay of \$100,000, and wishes to provide a 2% increase over his/her current salary.

Step 1:

The Washington, DC, locality rate is 12.74%. Therefore, the applicant's non-TSA basic pay should be reduced by 12.74%, equaling \$88,700.

Step 2:

The \$88,700 should be multiplied by 1.02 (the 2% pay increase), equaling \$90,474, which will be the individual's basic rate of pay upon appointment to TSA.

Step 3:

The individual's TSA basic rate of pay is multiplied by 1.1274, to reflect the locality pay in Washington, DC, for an adjusted rate of \$102,000 upon appointment.

EXAMPLE 2:

TSA management wants to hire an applicant in New York City from the private sector who currently earns basic pay of \$100,000, and wishes to provide a 2% increase over his/her current salary.

Step 1:

The New York City, locality rate is 16.83%. Therefore, the applicant's non-TSA basic pay should be reduced by 16.83%, equaling \$85,594.

Step 2:

The \$85,594 should be multiplied by 1.02 (the 2% pay increase), equaling \$87,306, which will be the individual's basic rate of pay upon appointment to TSA.

Step 3:

The individual's TSA basic rate of pay is multiplied by 1.1683, to reflect the locality pay in New York City, for an adjusted rate of \$102,000 upon appointment.

EXAMPLE 3:

TSA management wants to hire an applicant in San Francisco City from the private sector who currently earns basic pay of \$100,000, a geographic differential of 14% and receive an annual bonus of 4%, for a total of \$118,000. Additionally, management wants to give this individual a 2% increase in basic pay.

Step 1:

For pay setting purposes, this individual's basic pay is \$114,000 – basic pay \$100,000 plus \$14,000 geographic differential. The San Francisco locality rate is 21.07%. Therefore, the applicant's non-TSA basic pay (\$114,000) should be reduced by 21.07%, equaling \$94,160.

Step 2:

The \$94,160 should be multiplied by 1.02 (the 2% pay increase), equaling \$96,043, which will be the individual's basic rate of pay upon appointment to TSA.

Step 3:

The individual's TSA basic rate of pay is multiplied by 1.2107, to reflect the locality pay in San Francisco, for an adjusted rate of \$116,279 upon appointment.

- f. When applying highest previous rate for a current or previous Federal employees, compare basic rates of pay without locality pay.
- g. While the computation of basic and locality pay upon appointment may exceed the applicant's current salary, caution should be used to prevent a vast windfall to the applicant. Additionally, the information provided in this letter, and the rate of pay which you arrive at using the attached decision tool, are the maximums that may be paid and **are not** required rates. Management may pay an individual any rate between the minimum of the pay band and the rate derived from the decision tool.



Richard A. Whitford
Assistant Administrator for
Human Resources

Attachment

Filing Instructions: File with HRM 531 Bulletins, Letters, and Guidance

Distribution: TSA affiliated HR Offices, TSA Assistant Administrators, Office Directors

POC: TSAHR/Jan Karicher/(571) 227-2828

Sample New Hire Salary Decision Tool

What to Do

- ☐ Collect background information
- ☐ Complete Decision Tool
- ☐ Determine recommended base salary
- ☐ Ensure base pay is within pay band
- ☐ Seek necessary approvals

Information You'll Need

- ☐ Locate the pay band of the position
- ☐ Determine candidate's current salary level
- ☐ Identify the candidate's salary expectations
- ☐ Identify competing offers (if any)
- ☐ Determine the candidates' experience and breadth of current skills
- ☐ Assess current budget status

What to Document

These documents should be forwarded to the HRMD to be filed in the employee's personnel folder (OPF):

- ☐ Completed new hire decision tool
- ☐ Memo of explanation (if prepared)

Other Tools and Resources

- ☐ Manager's Guide to Compensation
- ☐ Frequently Asked Questions
- ☐ Automated Decision Support Tool

Employee Name:	New Hire Salary Decision Tool		
	\$54,100	\$69,000	\$83,900
Consideration	Min	Mid	Max
Criticality of Skills		X	
	Low		High
Degree of Difficulty to Fill Opening		X	
	Low		High
Degree of Directly Related Work Experience versus Peers		NA	
	Low		High
Skills versus Job Requirements			
	Low		High
Breadth of Skills versus Peers		N/A	
	Low		High
Current Pay Level/Highest Previous Pay Level Within Pay Band			
	Low		High
Other Salary Offers Compared to Pay Band		N/A	
	Low		High

Signature and Title of Recommending Official: _____ Date: _____

Signature of Appropriate Assistant Administrator: _____ Date: _____

Sample New Hire Salary Decision Tool

Considerations	Definitions of Considerations	Comments / Assessment
Criticality of Skills	Importance of the required skills and responsibilities to this organization and its success.	The position requires experience and knowledge applicable to the mission and function of the directorate or office the individual is assigned to. The knowledge and skills required will be relied upon by senior management officials to assist with the day-to-day operations of the office.
Degree of Difficulty to Fill Opening	Availability of quality candidates (those with the desired skills and experience) to fill the position. Positions with a limited qualified applicant pool may indicate a shortage of labor and may be more difficult to fill.	Some difficulty has been experienced due to the urgency to fill this position and the lack of resources available to initiate additional recruitment efforts.
Degree of Directly Related Work Experience versus Peers	The degree of superior qualifications possessed by the candidate (job-related experience or education) compared to the qualifications or job related experience or education of other employees (typically the immediate work group) who perform the same (or highly similar) job.	Due to the massive recruitment efforts currently underway, comparison data is unavailable.
Skills versus Job Requirements	The degree to which the candidate meets some or all of the skills desired for the position.	The candidate's skills meet the requirements for the position.
Breadth of Skills versus Peers	The candidate's skills (the degree to which the candidate meets some or all of the skills desired for the position) compared to the skills of other employees (typically in the immediate work group) who perform the same (or highly similar) job.	Due to the massive recruitment efforts currently underway, comparison data is unavailable.
Current Pay Level/Highest Previous Pay Level Within Pay Band	The candidate's current pay (base salary excluding locality pay if applicable) or highest previous pay* (base salary excluding locality pay if applicable) compared to the pay band of the position (where does the candidate's pay fall in the pay band - near the bottom, in the middle, or toward the top of the range). *Federal or other	he candidate's current base salary is \$69,976 and it falls in the mid range of the pay band. [NOT SURE OF THE PURPOSE OF THIS COMMENT]
Other Salary Offers Compared to Pay Band	Other (verifiable, if possible) salary offers already extended to the candidate (base salary excluding locality pay if applicable) compared to the pay band of the position.	The organization is not aware of any other salary offers extended to the candidate.